

Meeting Reminder – May 3rd

Guest Speaker – Keith Yehle, Sen. Robert's Office

Memo to: Coordinating Council Participants and State Leaders

Date: April 28, 1999

Subjects: (1) Meeting Reminder
(2) **Murkowski/Hagel Bill Introduced – Press Info Attached**
(3) Copy of Rep. Shimkus' Draft Proposal, "Commission to Study Economic and Energy Impacts of Global Climate Change Act"
(4) **Invitation to this Friday Climate Event**

(1) The next meeting of the Coordinating Council will be at 2:00 on Monday, May 3, at the Business Roundtable, 1615 L Street, NW, Suite 1100. For those of you who can not be present, the phone-in number is (703) 736-7274. If you can't remember the code, call me.

Keith Yehle, Legislative Assistant to Senator Pat Robert (R-KS) will be with us to discuss his boss' proposed climate legislation. You were mailed a copy of Sen. Robert's bill last week. The Senator is also an original co-sponsor of the Murkowski/Hagel bill. The remainder of the meeting will focus on other congressional activities (there was a small business hearing this week), reports from the states, and the status of the Department of Agriculture's report on the impacts of the Kyoto Protocol on agricultural interests. Let me know if there are other items you would like discussed.

(2) Yesterday, Sen. Murkowski held a news conference to introduce the so-called Murkowski/Hagel bill, officially called the "Energy and Climate Policy Act of 1999". Sen. Robert Byrd (D-WV) is the only democrat so far. The other co-sponsors are Sens. Larry Craig (R-ID), Pat Roberts (R-KS), Rod Gramms (R-MN), Tim Hutchison (R-AR) and Mike Enzi (R-WY).

(3) Attached is a copy of a draft climate proposal by Rep. John Skimkus (R-IL), a member of the House Commerce Committee.

(4) Mark Whitenton, NAM's Vice President for Resources, Environment and Regulation, will be moderating an interesting panel discussion this Friday at the Forbes Magazine Environmental Superconference here in Washington from 10:15 to 11:45. The details are noted in the attached e-mail.

See you Monday. Call if you have any questions.

Attachments





Global Climate Coalition
1275 K St. N.W.
Suite 890
Washington, D.C. 20005
Tel: 202.682.9161
Fax: 202.638.1043

MEMORANDUM

DATE: April 27, 1999

TO: GCC Members

FROM: Karen Hulme

SUBJECT: Energy and Climate Policy Act Introduced in the Senate

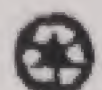
On Tuesday, April 27, Senator Frank Murkowski (R-AK), Chairman of the Energy and Natural Resources Committee, held a news conference to introduce the Energy and Climate Policy Act of 1999. Cosponsors of the bill include Senators Chuck Hagel (R-NE), Robert Byrd (D-WV), Larry Craig (R-ID), Mike Enzi (R-WY), Rod Grams (R-MN), Tim Hutchinson (R-AR), Pat Roberts (R-KS) and Gordon Smith (R-OR).

In a press release, Chairman Murkowski stated, "With this bill and others that will follow, we are charting a different course from that of the Kyoto Protocol." This market based legislation has three primary components intended to:

- create a new, \$2 billion research, development, and demonstration program to develop and enhance new technology through public-private partnerships to help stabilize ghg concentrations in the atmosphere.
- promote voluntary efforts to reduce greenhouse gas emissions by expanding and strengthening the voluntary reporting guidelines and reporting procedures under section 1605 of the Energy Policy Act of 1992.
- ensure greater accountability and responsibility for climate change and related matters within the Department of Energy by establishing a statutory Office of Global Climate Change.

Senator Murkowski added that efforts to address climate issues will continue in the form of separate bills or as amendments to this bill. He also stated that there will be future committee hearings to discuss climate change issues.

The Energy and Climate Policy Act of 1999 (S. 882) should be available on the internet at <http://thomas.loc.gov/home/thomas.html>, within twenty four hours. Attached to this memo are copies of press releases from Chairman Murkowski and Senator Hagel. If you have any questions about the bill, please feel free to contact Glenn Kelly at the GCC offices.



Murkowski/first add/ 4/22/99

- remove regulatory obstacles that stand in the way of voluntary greenhouse gas emissions reductions;
- promote voluntary agricultural management and forest management practices that sequester (or trap) additional carbon dioxide in biomass and soils;
- promote U.S. exports of clean technologies to nations such as China and India, who are belching greenhouse gases and choking on their own pollutants;
- pursue possible changes to the tax code to promote certain activities or practices designed to reduce, sequester or avoid greenhouse gas emissions.

These efforts represent a fundamental departure from the regulatory mandates contained in the Kyoto Protocol, which requires the United States to reduce greenhouse gas emissions 7% below 1990 levels by the years 2008-2012. According to the economic analysis of DOE's Energy Information Administration, American consumers could face 53% higher gasoline prices and 86% higher electricity prices in the year 2010 as a result of Kyoto.

In addition, a witness before a recent hearing of the Energy and Natural Resources Committee, testified that the economic downturn accompanying Kyoto implementation would depress tax revenues and erase the surplus we've earmarked to shore up Social Security and reduce the public debt.

"With the Kyoto approach we say goodbye to the budget surplus... goodbye to the hope of saving Social Security or fixing Medicare... goodbye to economic prosperity," said Murkowski. "And for what do we endure this economic pain? We do not stabilize greenhouse gas concentrations in the atmosphere or even reduce global greenhouse gas emissions."

In introducing the bill, Murkowski also addressed criticisms leveled by the Administration about his bill.

A recent Administration "fact sheet," after recognizing that there are "positive features" in the bill, and noting that it "makes improvements to current law" regarding voluntary efforts to curtail emissions, goes on to erroneously state that the Murkowski bill "rolls back energy efficiency and clean energy programs with a long history of bipartisan support."

The Administration "fact sheet" is incorrect. The Murkowski-Hagel bill does not roll back funding for renewable energy or energy efficiency. Instead, it authorizes \$200 million per year in new money... it does not deauthorize any existing programs.

Original cosponsors of the measure include Sen. Pat Roberts, R-Kan., Sen. Rod Grams, R-Minn., Sen. Tim Hutchinson, R-Ark., and Sen. Mike Enzi, R-Wyo.

####

Energy and Climate Policy Act of 1999

Goal:

To meaningfully address potential climate change issues by shifting the focus from narrowly applied, short term emissions reductions targets (such as those found in the Kyoto Protocol) to a long term, technology-based, global effort.

Key Features of this bill:

Establishes a new research, development and demonstration program (\$200 million federal per year for the next ten years plus private sector cost share of not less than 20% for R&D and 50% of demonstration/commercialization) to foster the development of new technologies that:

- avoid or reduce emissions of greenhouse gases (i.e., alternative energy technologies, energy efficiency technologies, advanced clean coal, advanced nuclear, etc.);
- remove and sequester greenhouse gases from the atmosphere and emissions streams;

Promotes voluntary efforts to reduce greenhouse gas emissions by expanding and strengthening the voluntary reporting guidelines and reporting procedures under section 1605 of the Energy Policy Act of 1992.

Establishes greater accountability and responsibility for climate change and related matters within the Department of Energy by establishing a statutory Office of Global Climate Change.

(5)



UNITED STATES SENATOR • NEBRASKA

CHUCK HAGEL

P R E S S R E L E A S E

FOR IMMEDIATE RELEASE

Tuesday, April 27, 1999

Contact: Deb Fiddleke or
Deirdre Woodbyrne at
202-224-4224

Senators Introduce Bipartisan Climate Change Legislation

Washington — U.S. Senators Chuck Hagel (R-Nebraska), Frank Murkowski (R-Alaska), and Robert C. Byrd (D-West Virginia) joined today to introduce market-based legislation to increase the recognition of voluntary efforts to reduce the levels of manmade greenhouse gases, increase the research and development of clean technologies, and create more accountability in the government's climate change policies.

Hagel, Chairman of the Senate's Climate Change Observer Group, stated, "This bill offers the best way to deal with the issue of climate change -- a long-term commitment based on American ingenuity, exports, sound science, scientific certainty, 21st century technologies and market principles. By doing these things we walk away from the disastrous path that this administration and the Kyoto Protocol would lead us down, and focus our efforts instead on a positive, bipartisan, achievable approach.

"This has never been a debate about who is for or against the environment. This has never been a partisan issue. I have not met one member of this body, Republican or Democrat, who wants to leave their children a dirty and uninhabitable environment. We all agree that we have a responsibility to protect our environment. What this debate should be about is bringing some *common sense* to this issue.

"This bill centralizes the accountability and responsibility within the Administration by establishing the office of Global Climate Change within the Department of Energy. Second, this bill moves the current focus of climate change away from the short-term draconian energy rationing and costs mandated by the Kyoto Protocol to a long-term commitment to research and development. It provides significant government funding for public-private research and development initiatives. Third, the bill continues Congress' commitment to supporting voluntary industry efforts to reduce, sequester or avoid manmade greenhouse gas emissions. It does so by strengthening current law, not by creating a new international bureaucracy. For the first time, agriculture and small businesses will be recognized for their efforts to reduce greenhouse gases."

- MORE -

HAGEL -- PAGE 2 of 2

The Energy and Climate Policy Act has three main components:

- It establishes a new research, development and demonstration program to foster the development of new technologies that avoid or reduce emissions of greenhouse gases, or that remove and sequester greenhouse gases from the atmosphere. It authorizes \$2 billion over the next ten years for new technologies, plus private sector cost-sharing of not less than 20% for R&D and 50% of demonstration/commercialization efforts.
- It promotes voluntary efforts to reduce greenhouse gas emissions by expanding and strengthening the voluntary reporting guidelines and reporting procedures under section 1605 of the Energy Policy Act of 1992. For the first time, small businesses and agricultural producers would be recognized for their voluntary efforts.
- It ensures greater accountability and responsibility for climate change and related matters within the Department of Energy by establishing a statutory Office of Global Climate Change.

In 1997, Hagel and Byrd co-authored S.Res. 98, which the Senate approved by a vote of 95 to zero. The resolution stated that the United States Senate would not approve a climate change treaty that did not include all nations or that would cause serious harm to the U.S. economy. Despite the clear advice of the Senate, the Clinton-Gore Administration approved and signed the Kyoto Protocol which exempts 134 developing nations from its mandated reductions in greenhouse gas emissions. By recent estimates, the Kyoto Protocol would result in a \$338 billion loss in U.S. GDP in the year 2010.

"Twenty-first century technologies, American ingenuity and public-private cooperation, not UN-mandated energy-rationing, should be the focus of climate change efforts in this Congress, and I hope members on both sides of the aisle will join us in this effort. It is a bipartisan bill. It makes sense. I look forward to working with my colleagues as we go along this year in crafting something that's achievable and workable," Hagel concluded.

Additional original cosponsors of the Energy and Policy Climate Act include Senators: Larry Craig (R-Idaho), Mike Enzi (R-Wyoming), Rod Grams (R-Minnesota), Tim Hutchinson (R-Arkansas), John McCain (R-Arizona), Pat Roberts (R-Kansas), Gordon Smith (R-Oregon).

- 30 -

TOTAL P.06

①

[DISCUSSION DRAFT]

106TH CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Mr. SHIMKUS introduced the following bill; which was referred to the
Committee on _____

A BILL

To establish the Commission to Study Economic and Energy
Impacts of Global Climate Change.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Commission to Study
5 Economic and Energy Impacts of Global Climate Change
6 Act". *Cost of Kyoto Act of 1997*

1 SEC. 2. ESTABLISHMENT.

2 There is established a commission to be known as the
3 Commission to Study Economic and Energy Impacts of
4 Global Climate Change (in this Act referred to as the
5 "Commission").

6 SEC. 3. DUTIES.

7 The Commission shall have the following duties:

8 (1) To examine, in accordance with section 4,
9 the various types of policy scenarios that could be
10 implemented by the United States in response to
11 global climate change.

12 (2) To evaluate, in accordance with section 5,
13 the various types of policy scenarios in terms of
14 their economic and energy impacts on the United
15 States.

16 (3) To propose a range of specific policy sce-
17 narios consistent with the Kyoto Protocol to the
18 United Nations Framework Convention on Climate
19 Change (in this Act referred to as the "Kyoto Proto-
20 col") that could be implemented by the United
21 States.

22 (4) To develop detailed economic models for
23 each specific policy scenario proposed under para-
24 graph (3).

25 (5) To thoroughly evaluate each specific policy
26 scenario proposed under paragraph (3).

1 (6) To submit reports to the Congress in ac-
2 cordance with section 9.

3 **SEC. 4. EXAMINATION OF POLICY SCENARIOS.**

4 In carrying out its duties under section 3(1), the
5 Commission shall include in its examination the following
6 matters:

7 (1) **POLICY SCENARIOS.**—Each of the various
8 types of policy scenarios, including legislation or ad-
9 ministrative action to regulate emissions—

10 (A) by imposing traditional “command and
11 control” measures;

12 (B) by issuing permits, whether the per-
13 mits are for marketing, for emissions, or other-
14 wise, and whether the permits are issued by al-
15 location, by auction, or otherwise; and

16 (C) by establishing incentives that encour-
17 age reductions in emissions.

18 (2) **DIFFERENCES BETWEEN APPROACHES.**—

19 The differences between, and the advantages and
20 disadvantages of, the various approaches that are
21 used to measure the impacts of policy scenarios,
22 including—

23 (A) top-down, econometric approaches
24 (such as transition cost models and computable
25 general equilibrium models); and

1 (B) bottom-up, engineering approaches.

2 (3) ACCURACY.—The effectiveness of each of
3 the various approaches described in paragraph (2) in
4 accurately identifying the impacts of policy sce-
5 narios.

6 (4) ASSUMPTIONS.—Each of the major assump-
7 tions used in measuring the impacts of each of the
8 policy scenarios across a range of sensitivities, in-
9 cluding assumptions regarding—

10 (A) the selection of base year;

11 (B) the ease of substitution of fuels;

12 (C) the cost and availability of existing and
13 new technologies, including capital stock turn-
14 over;

15 (D) the natural gas resource base and con-
16 straints on natural gas delivery;

17 (E) domestic and international emissions
18 trading;

19 (F) land-use change and forestry activities
20 and other greenhouse gas offsets;

21 (G) transition period effects (10 to 15
22 years) and short-term macro-economic shocks;

23 (H) impacts on the Federal budget, reve-
24 nue recycling, and monetary and tax policy; and

1 (1) differential impacts on States and re-
2 gions, due to losses and migration of employ-
3 ment and industry.
labor & industrial sectors

4 SEC. 5. EVALUATION OF IMPACTS ON UNITED STATES.

5 In carrying out its duties under section 3(2), the
6 Commission shall include in its evaluation the following
7 matters:

8 (1) IMPACTS.—All economic and energy impacts
9 of each policy scenario on the United States, includ-
10 ing impacts relating to jobs, national and inter-
11 national trade, and energy and consumer costs.

12 (2) STUDIES OF IMPACTS.—The methods, find-
13 ings, and conclusions of the various major reports
14 that have studied the macroeconomic impacts associ-
15 ated with implementing the Kyoto Protocol in the
16 United States, including—

17 (A) "The Kyoto Protocol and the Presi-
18 dent's Policies to Address Climate Change: Ad-
19 ministration Economic Analysis" (July 1998);

20 (B) Energy Information Administration,
21 "Impacts of the Kyoto Protocol on U.S. Energy
22 Markets and Economic Activity" (October
23 1998);

24 (C) Department of Energy, "Scenarios of
25 U.S. Carbon Reductions: Potential Impacts of

1 Energy-Efficient and Low Carbon Technologies
2 by 2010 and Beyond" (September 1997);

3 (D) Standard and Poors DRI, "The Im-
4 pact of Meeting the Kyoto Protocol on Energy
5 Markets and the Economy" (July 1998);

6 (E) WEFA, Inc., "Global Warming: The
7 High Cost of the Kyoto Protocol, National and
8 State Impacts" (1998); and

9 (F) selective studies of the Energy Model-
10 ing Forum based at Stanford University, in-
11 cluding EMF-16 and later studies.

12 (3) STUDIES OF BENEFITS.—The methods,
13 findings, and conclusions of the various major re-
14 ports that have quantified the macroeconomic bene-
15 fits associated with implementing the Kyoto Protocol
16 in the United States, with specific attention to—

17 (A) the major assumptions of such reports;
18 and

19 (B) the treatment in such reports of mar-
20 ket competitiveness issues, including—

21 (i) the stringency of the emissions
22 cap;

23 (ii) the effects of market caps or other
24 market restraints;

March 31, 1999

1 (iii) market power and so-called "hot
2 air" effects; and
3 (iv) price volatility.

4 SEC. 6. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT.—The Commission shall be composed of 5 members, 1 of whom shall be the chairman of the Board of Governors of the Federal Reserve System and 4 of whom shall be appointed as follows:

9 (1) 1 member appointed by the chairman of the
10 Committee on Energy and Natural Resources of the
11 Senate.

12 (2) 1 member appointed by the ranking minor-
13 ity member of the Committee on Energy and Natu-
14 ral Resources of the Senate.

15 (3) 1 member appointed by the chairman of the
16 Committee on Commerce of the House of Represent-
17 atives.

18 (4) 1 member appointed by the ranking minor-
19 ity member of the Committee on Commerce of the
20 House of Representatives.

(b) QUALIFICATIONS.—Except for the member who is chairman of the Board of Governors of the Federal Reserve System, members shall be appointed from among distinguished economists in the private sector, with special

March 31, 1999

1 consideration given to economists in academia, research
2 centers, or research institutes.

IF they are receiving federal grant

3 (c) TERMS.—Each member shall be appointed for the
4 life of the Commission.

5 (d) VACANCIES.—A vacancy in the Commission shall
6 be filled in the manner in which the original appointment
7 was made.

8 (e) BASIC PAY.—Each member shall be paid at a rate
9 equal to the daily equivalent of the maximum annual rate
10 of basic pay payable for level IV of the Executive Schedule
11 under section 5315 of title 5, United States Code, for each
12 day (including travel time) during which the member is
13 engaged in the actual performance of duties vested in the
14 Commission.

15 (f) TRAVEL EXPENSES.—Each member shall receive
16 travel expenses, including per diem in lieu of subsistence,
17 in accordance with sections 5702 and 5703 of title 5,
18 United States Code.

19 (g) QUORUM.—3 members of the Commission shall
20 constitute a quorum but a lesser number may hold hear-
21 ings.

22 (h) CHAIRPERSON.—The Chairperson of the Com-
23 mission shall be elected by the members from among the
24 members. The term of office of the Chairperson shall be
25 for the life of the Commission.

March 31, 1999

15

1 (i) MEETINGS.—The Commission shall meet at the
2 call of the Chairperson.

3 SEC. 7. DIRECTOR AND STAFF.

4 (a) DIRECTOR.—The Commission shall have a Direc-
5 tor who shall be appointed by the Commission. The Direc-
6 tor shall be paid at a rate not to exceed the rate of basic
7 pay payable for level IV of the Executive Schedule.

8 (b) STAFF.—With the approval of the Commission,
9 the Director may appoint and fix the pay of additional
10 personnel as the Director considers appropriate.

11 (c) APPLICABILITY OF CERTAIN CIVIL SERVICE
12 LAWS.—The Director and staff of the Commission may
13 be appointed without regard to the provisions of title 5,
14 United States Code, governing appointments in the com-
15 petitive service, and may be paid without regard to the
16 provisions of chapter 51 and subchapter III of chapter 53
17 of that title relating to classification and General Schedule
18 pay rates, except that an individual so appointed may not
19 receive pay in excess of the annual rate of basic pay pay-
20 able for level IV of the Executive Schedule.

21 SEC. 8. POWERS.

22 (a) HEARINGS AND SESSIONS.—The Commission
23 may, for the purpose of carrying out this Act, hold hear-
24 ings, sit and act at times and places, take testimony, and
25 receive evidence as the Commission considers appropriate.

March 31, 1999

16

1 (b) POWERS OF MEMBERS AND AGENTS.—Any mem-
2 ber or agent of the Commission may, if authorized by the
3 Commission, take any action which the Commission is au-
4 thorized to take by this section.

5 (c) OBTAINING OFFICIAL DATA.—The Commission
6 may secure directly from any department or agency of the
7 United States information necessary to enable it to carry
8 out this Act. Upon request of the Chairperson of the Com-
9 mission, the head of the department or agency shall fur-
10 nish that information to the Commission.

11 (d) MAILS.—The Commission may use the United
12 States mails in the same manner and under the same con-
13 ditions as other departments and agencies of the United
14 States.

15 SEC. 9. REPORTS.

16 (a) INTERIM REPORT.—The Commission shall sub-
17 mit to the Congress an interim report not later than the
18 expiration of the 1-year period beginning on the date of
19 the enactment of this Act. The interim report shall
20 contain—

21 (1) a detailed statement of the findings of the
22 Commission pursuant to paragraphs (1) and (2) of
23 section 3;

24 (2) the specific policy scenarios proposed by the
25 Commission under section 3(3); and

March 31, 1999

1 (3) any other information that the Commission
2 considers appropriate.

3 (b) FINAL REPORT.—The Commission shall submit
4 a final report to the Congress not later than the expiration
5 of the 2-year period beginning on the date of the enact-
6 ment of this Act. The final report shall contain—

7 (1) a summary of the interim report submitted
8 under subsection (a);

9 (2) a detailed statement of the findings of the
10 Commission pursuant to paragraphs (4) and (5) of
11 section 3;

12 (3) any recommendations of the Commission for
13 legislation or administrative action; and

14 (4) any other information or recommendations
15 that the Commission considers appropriate.

16 SEC. 10. TERMINATION.

17 The Commission shall terminate 30 days after sub-
18 mitting its final report.

19 SEC. 11. AUTHORIZATION OF APPROPRIATIONS.

20 There are authorized to be appropriated such sums
21 as may be necessary to carry out this Act.

22 SEC. 12. BUDGET ACT COMPLIANCE.

23 Any spending authority (as defined in subparagraphs
24 (A) and (C) of section 401(c)(2) of the Congressional
25 Budget Act of 1974 (2 U.S.C. 651(c)(2)(A) and (C)))

March 31, 1999

(14)

- 1 under this Act shall be effective only to such extent and
- 2 in such amounts as are provided in appropriation Acts.

nam.org]

A

Cc: Kimberly Brooks; Mark Whinton
Subject: NAM - Climate Change Task Force Members Invited to a Panel Discussion on "Credits for Early Reductions" on Friday, April 30

TO: Climate Change Task Force Members

FROM: Marshall E. Whinton, Vice President
Resources, Environment and Regulation

You are invited to a panel discussion hosted by the NAM at the Forbes Magazine Environmental Superconference on Friday (April 30) from 10:15 to 11:45 am, at the Capitol Hilton, 1001 16th Street, NW, Washington, D.C. It is free, so long as you leave the conference promptly after the panel discussion (or else they will charge for the lunch and perhaps more).

The topic is "Voluntary Greenhouse Gas Mitigation: Incentives vs. Credits"

Panelists include:

David Garman, Chief of Staff for Senator Murkowski
Professor William Lash, George Mason University School of Law
Daniel Gagnier, Vice President, Environmental Affairs, ALCAN
Dan Delich, Professional Staff Member, Senate Environment and Public Works Committee

I will moderate the discussion. Hope to see you there!

Kimberly D. Brooks
Executive Assistant
Resources, Environment and Regulation Policy
National Association of Manufacturers
(202) 637-3150
kbrooks@nam.org